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Approved For Release 2001/03/02 : CIA-RDP78-04723A000100080005-3

16 JUL 1970

MEMORANDUM FOR: Chairman, Information Processing Board

SUBJECT : Costing ADP Services

Chuck:

1. The question of costing ADP services, or having computer centers charge their customers for services rendered is raised periodically and gets varying degrees of support and enthusiasm. I don't suppose any taxpayer could argue conscientiously against the principle of using ADP services only when they are worth the price but before we become committed to a policy which would require charging for computer services there are a few things I think we should consider.

2. Some of the Support Services have experimented with the notion of charging for services in past years and abandoned the attempt for a variety of reasons. I think I remember that Printing Services Division tried it several years ago and gave it up as an administrative burden unworthy of the results it produced and purposes it served. Different ways of budgeting and charging for external training have been tried with a variety of results and there is still some vacillation in PPB circles about how to handle this item. Property Requisitioning Authority (PRA) is a gimmick to get users of property to budget and be charged for it. The advantages and disadvantages of the PRA system are well known to some of your PPB colleagues. The Central Reference Service is currently trying to control subscriptions and publications procurement through some sort of system of charging customers which, from my point of view as a customer, doesn't appear to be very realistic. Someone should study these experiences before we launch a new experiment to reinvent the same old wheel.

3. If we have to have a system of charging for computer services we should go about its development systematically. What

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are we trying to achieve? If we are interested in cost only as a deterrent to use, then I think that the OCS Resource Distribution Report with equivalents produced by the other computer centers should be good enough to serve the purpose - if it has the proper level of management sponsorship. If we are simply trying to establish what ADP costs the Agency, then the combined budgets of the computer centers should serve the purpose. If we are trying to control the expansion of ADP services, then I think we have to start with fundamentals. We should go back to Colonel White's memorandum of 13 October 1969 and find some way of implementing the principles established there with criteria for judging the appropriateness of ADP solutions to problems applying uniformly and equitably in all components. Too often we become committed to ADP solutions before it is reasonable to expect that the costs of those solutions can be realistically estimated. Judgements have to be made in a context of utility, value, benefits, etc. If a particular project is worth doing in these terms, we're probably going to do it regardless of cost.

4. Problems of this type, or the need to find solutions to problems of this type, illustrate one kind of need for some staff capability at the level of the Executive Director-Comptroller. (Another, of course, is the ACT - Automatic Dissemination Thing)

5. I assume these questions will come up again at the IP Board. I hope this memo offers some useful input.

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Chief, Support Services Staff

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